

## G. Surgiwear Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	160.92 (Enhanced from 144.92)	CARE BBB+; Stable	Upgraded from CARE BBB; Stable

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of G. Surgiwear Limited (GSL) factors in the strong operational performance with improved profitability during FY25 (Provisional) (refers to April 01 to March 31), while maintaining comfortable financial risk profile.

Ratings continue to derive strength from the experienced promoters with a long track record of operations, multiple patents registered, the diversified products mix with continuous addition of new products coupled with established business relationship with customer and suppliers.

These rating strengths, however, continue to remain constrained by the elongated operating cycle, presence in a highly competitive and fragmented nature of the industry coupled with regulatory risk related to the healthcare industry; and the regular requirement of research and development (R&D) cost, leading to continuous capex requirement for the introduction of new products.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Scaling up of operations with an operating income beyond ₹300 crore while sustaining the profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 45% on sustained basis.
- Improvement in the overall capital structure, as reflected by the gearing level of below 0.30x on a sustained basis.
- Efficient management of working capital resulting in operating cycle below 125 days.

#### Negative factors

- Degrowth in scale of operations by more than 15% and/or decline in PBILDT margin below 25% on a sustained basis.
- Deterioration in the capital structure due to an increasing reliance on debt-funded capex, as reflected by the overall gearing above 0.75x on sustained basis.

**Analytical approach:** Standalone

#### Outlook: Stable

The "Stable" outlook reflects CareEdge's opinion that the company will continue to benefit from the experienced promoters with a long track record of operations and diversified product mix with continuous addition of new products.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoters with long track record of operations

The promoters are engaged in the manufacturing of surgical implants and disposable drapes for almost four decades through an association with an erstwhile partnership firm and the present company was incorporated in 1990. The long track record of operations has provided the company with a strong market base for some of its products coupled with almost 38 patents registered in the name of the promoter, Dr. Ghanshyam Das Agarwal. The company is a family driven business, currently managed by Dr. Ghanshyam Das Agarwal (a well-known doctor by profession) along with his wife, Renu Agarwal, and two of his sons, Vinarma Agarwal and Saumya Agarwal. Both the sons support Dr. Ghanshyam Das Agarwal in the day-to-day operations of the company and they are further supported by key executives who have rich experience in their respective domains.

##### Diversified products mix with continuous addition of new products

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

The company mainly deals in medical implants, drapes and shunts used in brains, etc. Medical implants and shunts are higher margin products as there are large R&D and capex required for development of these products, wherein dressing and drapes provide comparatively lower margin. The company during early Sep'25, also completed a capex on a new product line of knees and hips with a project cost of ~₹80 crore, with commercial operations expected to start by Q3 of FY26, which will further diversify the company's products line. This project has been funded through term loan of around ~₹60 crore and balance through internal accruals.

#### **Established business relationships with customers and suppliers**

The presence of the entity in the healthcare industry for more than four decades has led to the development of long-term relationship with suppliers, which leads to ease in the procurement of raw materials. On the customer side, this has enabled the company to establish strong business relationships with its clientele in the market, which in turn, leads to repeated orders. The ultimate consumer of the company's products are hospitals, which are catered through the company's dealer network spread throughout the country.

Raw materials are also imported and procured domestically.

#### **Multiple patents applied and registered in the name of the promoter**

Over a period of time, the company has invested in R&D under the supervision of Dr. Ghanshyam Das Agarwal, who is also involved in R&D. As on Sep 2025, it has already applied for 140 patents (120 in India and one in the US) in the name of the promoter, Dr Ghanshyam Das Agarwal, of which 60 patents are already approved. Dr Ghanshyam Das Agarwal has given these patents (without charging any royalty) to the company for using and manufacturing the products.

#### **Growth in scale of operations and healthy profitability**

Scale of operations improved significantly by ~33% to Rs. 224.31 crore during FY25, from Rs 168.74 crores during FY24, with cash accruals of Rs. 71.82 crores (PY: Rs. 39.93 crore). During current financial year, company has booked revenue from operations of ~Rs. 45 crores till June-2025. The profitability margins of the entity also improved as reflected by PBILDT margin and PAT margin of 44.74% (PY: 32.52%) and 25.84% (PY: 16.10%) respectively.

Improvement was majorly driven by increased business from implants & shunts, which contributed ~40-45% to the total revenue as compared to ~30% during last year. These products carry higher margins as compared to dressings and drapes, and increased contribution during FY25 further pushed the profitability. Also, company had executed an order for the Indian Army as well during FY25, with implants of certain specifications, which also contributed to the higher revenue and margins.

Going forward, with more orders expected for implants as well as completion of THR (total hip replacement) project now complete, topline is further expected to improve. Profitability is also expected to remain strong.

#### **Comfortable capital structure**

The capital structure of the company remained comfortable as on March 31, 2025, as reflected by the long-term debt-to-equity ratio and overall gearing ratio of 0.33x (PY: 0.46x) and 0.49x (PY: 0.68x), respectively. This is majorly attributed to a strong net worth base, from accretion of profits across the years. There has been debt funded capex during the last 2-3 years, however the financial profile continues to remain moderate due to the strong net worth base.

#### **Key weaknesses**

##### **Elongated operating cycle**

The operating cycle of the company remained elongated at 198 days during FY25 (PY: 180 days) The elongation in the operating cycle was mainly on account of the higher inventory holding of 172 days during FY25 (PY: 163 days), since the company has multiple products and is required to maintain sufficient inventory level for smooth functioning. The company does not allow much credit period to its buyers, and it realises payments within 20-30 days on an average. Furthermore, the company does not get major support from the suppliers, and the majority proportion of the raw materials are procured on an advanced basis, which led to higher working capital utilisation.

##### **Regular requirement of R&D cost, leading to continuous capex requirement for the introduction of new products, leading to project execution and stabilisation risk**

The company is in healthcare industry, wherein there is continuous requirement of R&D for its products. Thus, the manufacturing facilities require regular capex to maintain the production capacity. The company regularly requires term loans for funding of this capex and some proportions are done through internal accruals. The regular capex requirement leads to constant debt levels, despite the regular repayment of debt.

Recently company has completed project of ₹70-80 crore for the new product line 'Joint Replacement', which includes knee and hips implants. These products will have a total life span of 25-30 years and project has been completed with a mix of debt and internal accruals. Going forward, successful stabilization of the same shall remain key monitorable.

#### Regulatory risk related to the healthcare industry

The healthcare industry is highly regulated with the presence of government policies on the capping of prices for medical procedures and devices, which may adversely impact the revenue and profitability of players. Furthermore, the production and supply of medical products require several certifications and compliances at multiple stages and failures in compliances can adversely impact the prospects of the company. Thus, regulatory actions and their impact will remain a key monitorable. Furthermore, the company has invested in R&D over the years and has already applied for 140 patents in the name of the promoter, Dr Ghanshyam Das Agarwal, of which 60 patents are already approved.

#### Presence in a highly competitive and fragmented industry

The fortune of the company is linked with the demand of surgical implants and disposable drapes from healthcare institutes and hospitals. The company operates in a competitive and fragmented industry due to the presence of multiple organised players offering a similar range of products. That said, the company is one of the leading manufacturers in products like shunts and has a presence in the industry for more than four decades, which provides it a competitive edge over its competitors.

#### Liquidity: Adequate

The company is projected to generate sufficient GCA during FY26 & FY27 to meet scheduled repayment obligations for the respective years. The current and quick ratio stood at a moderate level of 1.61x and 0.72x as on March 31, 2025. Furthermore, due to the high inventory holding, the operating cycle remains elongated at 198 days during FY25. Average working capital utilisation of the company remains comparatively moderate and stood around 59% during the 12 months ending June 2025 against the sanctioned fund based working capital limit of Rs. 45 crores, though limit has further increased from July 2025 onwards to add cushion in the liquidity.

#### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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#### About the company and industry

##### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Equipment & Supplies	Medical Equipment & Supplies

G. SURGIWEAR Limited (GSL) was incorporated on July 11, 1990, by conversion of existing partnership firm which was operational since 1982 by Dr. Ghansyam Das Agrawal, for manufacturing of surgical implants and disposable drapes which is supplied throughout India and also some proportion of export. SURGIWEAR is the established manufacturer of surgical products & supply the latest and most comprehensive range of surgical implants and disposable drapes. Company is a family-owned business and Mr GD Agarwal is supported by his wife Ms Renu Agarwal and sons Mr Vinarma Agarwal & Mr Saumya Agarwal in day-to-day operations.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Total operating income	168.74	224.31	44.61
PBILDT	54.87	100.36	14.35
PAT	27.17	57.95	5.61
Overall gearing (times)	0.68	0.49	0.62

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	Q1FY26 (UA)
Interest coverage (times)	5.77	11.47	5.82

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Brickworks has downgraded the rating vide its Press Release dated February 03, 2025, to BWR BB; Stable (Issuer Not Cooperating) based on best available information as company has not shared requisite information required for review of rating.

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	69.00	CARE BBB+; Stable
Fund-based - LT-Term Loan		-	-	Nov 2030	91.92	CARE BBB+; Stable

### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	91.92	CARE BBB+; Stable	-	1)CARE BBB; Stable (27-Aug-24)	1)CARE BBB; Stable (26-Jul-23)	-
2	Fund-based - LT-Cash Credit	LT	69.00	CARE BBB+; Stable	-	1)CARE BBB; Stable (27-Aug-24)	1)CARE BBB; Stable (26-Jul-23)	-

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

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